AMENDMENTS TO THE CLAIMS:

This listing of claims will replace all prior versions, and listings, of claims in the application:

LISTING OF CLAIMS:

1. – 10. (Canceled)

11. (Previously Presented) The method of claim 14, wherein the step of generating a first compressed image data set comprises JPEG compression.

12. (Previously Presented) The method of claim 14, further comprising:

storing the first compressed image data set in an image storage device; and

storing the second compressed image data set in the image storage device if space is available.

13. (Previously Presented) The method of claim 12, wherein the steps of generating the first and second compressed image data sets are performed by first and second quantizers.

14. (Currently Amended) A method for processing images in a digital camera wherein the digital camera includes an image storage device having primary and secondary storage areas, comprising the steps of:

inputting a raw image;

generating from the raw image, including employing a first quantizing step, a first compressed image data set suitable for reproducing substantially the entire image at a first quality level, the first compressed image data set being stored in the primary storage area; and

generating from the raw image, including employing a second quantizing step independent of the first quantizing step, a second compressed image data set which supplies at least a least significant bit missing in the first compressed image data set for combination ~~when combined~~ with the first compressed image data set ~~reproduces~~ to reproduce substantially the entire image at a second, higher quality level, the second compressed image data set being stored in the secondary storage area; and

releasing space used to store the second compressed image data set associated with the raw image in the secondary storage area of the image storage device to store a first compressed image data set associated with another raw image when insufficient space is available in the primary storage area of the image storage device to store the first compressed image data set associated with another raw image.

15. (Previously Presented) The method of claim 14, wherein the step of releasing space in the secondary storage area of the image storage device releases space in a first in first out order.

16. (Previously Presented) The method of claim 14, wherein the step of releasing space in the secondary storage area of the image storage device releases space in a last in first out order.

17. (Previously Presented) The method of claim 14, wherein each first compressed image data set stored in the secondary storage area has associated with it an image quality metric and the step of releasing space in the secondary storage area of the image storage device releases space in lowest image quality first order.

18. (Canceled)

19. (Previously Presented) The system of claim 22, wherein the means for generating a first compressed image data comprises JPEG compression means.

20. (Previously Presented) The system of claim 22, further comprising:

means for storing the first compressed image data set in an image storage device; and

means for storing the second compressed image data set in the image storage device if space is available.

21. (Previously Presented) The system of claim 20, wherein the means for generating the first compressed image data set and the means for generating the second compressed image data set comprise first and second quantizers.

22. (Currently Amended) A system of processing images in a digital camera wherein the digital camera includes primary and secondary storage areas, comprising:

means for inputting a raw image;

means for generating from the raw image, including employing a first quantizing step, a first compressed image data set suitable for reproducing substantially the entire image at a first quality level, the first compressed image data set being stored in the primary storage area;

means for generating from the raw image, including employing a second quantizing step independent of the first quantizing step, a second compressed image data set which supplies at least a least significant bit missing in the first compressed image data set for combination ~~when combined~~ with the first compressed image data set ~~reproduces~~ to reproduce substantially the entire image at a second, higher quality level, the second compressed image data set being stored in the secondary storage area; and

means for releasing space used to store the second compressed image data set associated with the raw image in the secondary storage area of the image storage device to store a first compressed image data set associated with another raw image when insufficient space is available in the primary storage area of the image storage device to store the first compressed image data set associated with another raw image.

23. (Previously Presented) The system of claim 22, wherein the means for releasing space in the secondary storage area of the image storage device releases space in a first in first out order.

24. (Previously Presented) The system of claim 22, wherein the means for releasing space in the secondary storage area of the image storage device releases space in a last in first out order.

25. (Previously Presented) The system of claim 22, wherein each first compressed image data set in the secondary storage area has associated with it an image quality metric and the means for releasing space in the secondary storage area of the image storage device releases space in lowest image quality first order.

26. (Canceled)

27. (Previously Presented) The system of claim 29, wherein the processing unit is configured to perform JPEG compression to generate the first compressed image data set and the second compressed image data set.

28. (Previously Presented) The system of claim 29, wherein the processing unit comprises a first quantizer configured to generate the first compressed image data set and a second quantizer configured to generate the second compressed image data set.

29. (Currently Amended) A system for processing images in a digital camera comprising:

an image storage device, wherein the image storage device comprises primary and secondary storage areas; and

a processing unit configured to transfer raw image data from an input device, generate a first compressed image data set from the raw image, including employing a first quantizing step, wherein the first data set is suitable for reproducing substantially the entire image at a first quality level, the first compressed image data set being stored in the primary storage area, and generate a second compressed image data set, including employing a second quantizing set independent of the first quantizing step, wherein the second data set supplies at least a least significant bit missing in the first data set for combination when combined with the first data set is suitable for reproducing to reproduce substantially the entire image at a second higher quality level, the second compressed image data set being stored in the secondary storage area, store the first compressed image data set in the image storage device, and store the second compressed image data set in the image storage device if space is available, and the processing unit is further configured to release space used to store the second compressed image data associated with the raw image in the secondary storage area of the image storage device to store a first compressed image data associated with another raw image when insufficient space is available in the primary storage area of the image storage device to store the first compressed image data set associated with another raw image.

30. (Previously Presented) The system of claim 29, wherein the processing unit is configured to release space in the secondary storage area of the image storage device in a first in first out order.

31. (Previously Presented) The system of claim 29, wherein the processing unit is configured to release space in the secondary storage area of the image storage device in a last in first out order.

32. (Previously Presented) The system of claim 29, wherein each first compressed image data set in the secondary storage area has associated with it an image quality metric and the processing unit is configured to release space in the secondary storage area of the image storage device in lowest image quality first order.